AIC Diversified Canada Split Corp.

Annual Report
as at December 31, 2000

AIC®
• GROUP OF FUNDS •

BUY. HOLD. AND PROSPER.

MESSAGE TO SHAREHOLDERS OF AIC DIVERSIFIED CANADA SPLIT CORP.

We are pleased to present to you the 2000 AIC Diversified Canada Split Corp. Annual Report.

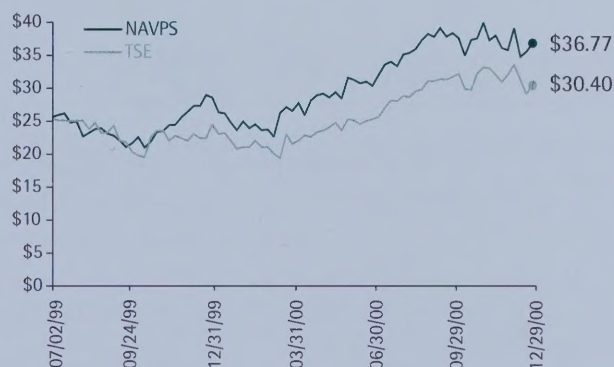
Formed in 1999, AIC Diversified Canada Split Corp. became Canada's first mutual fund split share offering and was recognized as a unique and innovative investment product. AIC Diversified Canada Split Corp. is designed to provide investors with an opportunity to earn potentially higher returns than a direct investment in its underlying fund – AIC Diversified Canada Fund. Preferred shares offer investors a 6% annual distribution yield while capital shares offer investors leveraged participation in a high-quality portfolio.

For 2000, AIC Diversified Canada Fund, the underlying fund, produced a return of 18.4% (as at December 31, 2000). This compares to a return of 7.4% for the TSE 300 for the same period. More importantly, over the past five years, the Fund has earned a compounded average annual rate of return of 24.1% compared to 15.5% for the TSE 300 (as at December 31, 2000).

During the past year, many of the businesses held by AIC Diversified Canada Fund saw increased investor interest that produced sharp increases in their share prices. In particular, we saw large increases in several of our media companies and many of our financial services businesses. Other holdings maintained their market positions with many advancing during the second half of the year. Our lack of exposure to Nortel, which hurt the Fund in 1999, worked in its favour in the latter half of 2000.

AIC Diversified Canada Fund is currently invested in approximately 20 key Canadian-domiciled companies and nine U.S.-based businesses. Each company has been carefully selected based upon AIC's strict investment criteria. Overall, the Fund remains well positioned for the future given the quality of businesses in the portfolio.

NAVPS of AIC Diversified Canada Split Corp. (Capital Shares) vs Closing TSE Price



On the following pages, we present an overview of the underlying fund, set out the financial statements for both AIC Diversified Canada Split Corp. and AIC Diversified Canada Fund (as at December 31, 2000) and profile for you, one specific Fund holding.

Michael A Lee-Chin

Michael Lee-Chin
Chairman and Chief Investment Officer
AIC Limited

AIC DIVERSIFIED CANADA SPLIT CORP.

UNDERLYING FUND

AIC Diversified Canada Fund

Underlying Fund:

AIC DIVERSIFIED CANADA FUND

During the last year, many of the businesses held in the Fund garnered increased investor interest and share prices moved up sharply. In particular we saw large increases in several of our media companies along with many of our financial services businesses. Our two bank holdings – TD Bank and the Royal Bank – performed strongly along with our two mutual fund company holdings – C.I. Fund Management and AMVESCAP – which completed its purchase of Trimark in the third quarter of 2000.

Statement of Financial Highlights

For the five years ended December 31

MUTUAL FUND UNITS	2000	1999	1998	1997	1996
Net Asset Value - Beginning of Year	$ 31.31	$ 31.62	$ 27.52	$ 20.84	$ 12.62
Income From Investment Operations:					
Net Investment Income (loss)	$ (0.41)	$ (0.27)	$ (0.34)	$ (0.36)	$ (0.30)
Net Realized and Unrealized Gains (loss)	6.18	(0.04)	4.44	7.04	8.52
Total From Investment Operations	$ 5.77	$ (0.31)	$ 4.10	$ 6.68	$ 8.22
Distributions to Unitholders:					
From Net Investment Income	$ -	$ -	$ -	$ -	$ -
From Net Realized Gains	-	-	-	-	-
Return of Capital	-	-	-	-	-
Total Distributions	$ -	$ -	$ -	$ -	$ -
Net Asset Value - End of Year	$ 37.08	$ 31.31	$ 31.62	$ 27.52	$ 20.84
Management Expense Ratio[1]	2.45%	2.42%	2.51%	2.54%	2.87%
MUTUAL FUND & CLASS F					
Ratios/Supplemental Data:					
Total Net Assets - End of Year	$ 3,643,483,455	$ 3,238,029,224	$ 2,538,081,973	$ 1,125,805,202	$ 253,961,981
Average Net Assets	$ 3,296,503,256	$ 2,952,660,154	$ 1,866,984,360	$ 712,716,152	$ 85,271,266
Portfolio Turnover Rate[2]	19.46%*	8.11%	15.67% *	9.85% *	0.20%

*The turnover rate stated above includes certain securities sold and repurchased in order to realize sufficient capital gains for tax purposes to utilize the refunding provisions. Prior to this process the portfolio turnover rate was: 8.47% (2000); 5.02% (1998); 0.31% (1997).

[1]The Management Expense Ratio has been restated to comply with the National Instrument 81-102 and now includes GST and interest expense.

[2]The Portfolio Turnover Rate has been restated to comply with National Instrument 81-102.

Over the last 12 months the Fund has increased by 18.4% versus the TSE 300, which is up by only 7.4%. More importantly, over the past five years the Fund has compounded at an average annual rate of 24.1% versus 15.5% for the TSE 300.

The intention of AIC Diversified Canada Fund is to provide investors with broad exposure to outstanding Canadian businesses operating primarily in four to five industry sectors. The Fund is currently invested in approximately 20 key Canadian-domiciled companies, and nine U.S.-based businesses. Each company has been carefully selected based upon the following characteristics:

- Expanding market share within the context of a growth industry;
- Revenue generated from value-added products (non-commodity);
- Pricing power;
- Global distribution (if applicable);
- Astute management team with a track record of creating long-term shareholder value;
- Large and growing levels of free cash flow; and
- Above-average returns on equity.

Throughout the year we have taken advantage of the volatile markets and added to a number of our existing positions. In Canada, we have added to MDS Inc., which continues to be Canada's

leading life sciences company with strong market positions in a number of long-term growth areas. Within the foreign content of the portfolio, we have increased positions in several companies. Specifically, we have added to our positions in AOL Time Warner and also Univision Communications, which supplements our holding in Viacom. Due to concerns over the slowing of economic growth in the U.S., the prices of these companies have been weak and that has allowed us a great window of opportunity to accumulate positions in these three leading media and communications companies at attractive prices. We have also taken advantage of weakness in retail stocks and have added to our position in leading specialty retailer Intimate Brands.

Within the financial services industry we have targeted the highest growth segments. This includes wealth management, wealth protection, retail banking, investment banking and brokerage. The main drivers of long-term growth within this industry include:

- **Technology Changes** - Few industries have been so profoundly transformed by the utilization of technology than financial services. While being a catalyst for change, technology has also blurred the distinction between banking, insurance and investment products, creating many new products and opportunities. Technology has also brought with it increasing transparency, disintermediation, operating leverage and numerous efficiencies.
- **Regulatory Reforms** - Industry convergence through consolidation and strategic partnerships is opening new markets and opportunities both locally and globally and creating new business models in the process.
- **Globalization** - As markets become increasingly more integrated, financial services companies are faced with the challenge of meeting the needs of the "individual global investor" whose demands are increasingly more complex, integrated and global, and often include such alternative investments as derivatives and private equity.
- **Demographics** - There are many components of the financial services industry that will benefit from the aging boomers who are now entering into their peak wage earning years and aggressively saving for retirement. Acceptance of equity investments coupled with concerns over the long-term viability of public pension plans is causing individuals to invest more money.

RSP Eligibility – 100% for RRSP, RRIF, LIRA, LRSP, LIF, LRIF, DPSP

Top Ten Holdings

(in alphabetical order as at December 31, 2000)

American International Group, Inc.	4.3%
Berkshire Hathaway Inc. - Class A	5.1%
Bombardier Inc. - Class B	8.5%
Celestica Inc.	9.5%
DuPont Canada Inc. - Class A	5.7%
Loblaw Companies Limited	7.7%
Power Financial Corporation	5.6%
Royal Bank of Canada	5.7%
The Thomson Corporation	6.7%
The Toronto-Dominion Bank	8.9%

Portfolio Composition

(by investment area as at December 31, 2000)

Financials	39.3%
Industrials	16.2%
Media	13.7%
Consumer Staples	12.2%
Information Technology	10.4%
Health Care	2.6%
Materials	2.3%
Cash & Other Assets	1.8%
Consumer Discretionary	1.5%

The Fund currently has significant positions in the following leading financial services companies: AMVESCAP, American International Group, Berkshire Hathaway, C.I. Fund Management, Fairfax Financial, Power Financial, Royal Bank and TD Bank. Each is well positioned to take advantage of the long-term growth opportunities within their industry.

Media/Communications is another sector of strong interest. Overall the sector continues to grapple with the ebb and flow of opportunities and threats that are presented by the assault of the Internet and interactivity. There is no company within this space that is not affected by this systemic change. One of the inherent implications of the ongoing maturation of digital media is audience fragmentation as consumers are

presented with a seemingly infinite number of media options. Within the context of this environment, we have focused on businesses that have world-class distribution and content. In Canada, companies like Alliance-Atlantis, CHUM and Thomson Corporation have unique content amenable to the new media.

Within the large U.S. market, Univision Communications, the dominant broadcaster to the fast-growing Hispanic market, not only has a strong distribution system but also buttresses this position with top quality Hispanic content. By 2010, U.S. Hispanics are expected to number more than 41 million, which will represent more than 11% of the population and 7% of consumer spending. Yet, only 1% of advertising spending currently targets Hispanics. Univision is well positioned to benefit from the increased advertising spending within the Hispanic market.

Our positions in Viacom and AOL Time Warner put us in two of the best-positioned businesses in the industry, accessing the full breadth of content across virtually all distribution platforms including the Internet.

The Fund also has strong positions in the Retail/Consumer sector. Currently, the Fund is invested in two strong retail businesses (Loblaw and Intimate Brands) and two strong global consumer products companies (Coca-Cola and Wrigley's).

Lastly, the Fund has some exposure to the technology industry. This industry remains one of the fastest growing sectors in the market. Currently, the Fund has significant exposure to only one company operating directly in the technology space, which is Celestica, the world-class electronics manufacturer. With valuations in the technology area starting to reflect long-term fundamentals, we are looking for further additions to the Fund.

Overall, the Fund is well positioned for the future given the quality of businesses in the portfolio.

The next page features a profile of Celestica, a key holding in the Fund.

AIC Diversified Canada Fund Investment Performance Summary[1]

(as at December 31, 2000)

Calendar Year Returns	%	Historical Compounded Rate of Return	%
2000	18.4	1 year	18.4
1999	(1.0)	2 years	8.3
1998	14.9	3 years	10.4
1997	32.1	4 years	15.5
1996	65.1	5 years	24.1
1995	26.2	6 years	24.4
		Since introduction	24.4

[1] *Please refer to Note below.*

Value of $10,000 invested in AIC Diversified Canada Fund since introduction[1]

[1] *Please refer to Note below.*

Note

All returns are historical annual compounded total returns as at December 31, 2000, including changes in unit value and distributions reinvested. Returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Mutual funds are not guaranteed: their values change frequently and past performance may not be repeated. Before investing, read the AIC Funds' simplified prospectus carefully. Obtain a copy from AIC or your financial advisor.

CELESTICA INC.

Our investment in Celestica provides our unitholders with the opportunity to participate in the long-term growth of the technology industry. As long-term investors, we believe that a leading global electronic manufacturing services (EMS) company such as Celestica will be able to weather the current uncertainty in the overall markets and at the same time continue to create substantial shareholder value.

As an industry, EMS businesses are poised to maintain the stellar growth of recent years. One major global investment firm recently predicted that the global EMS industry could grow from approximately US$100 billion in revenue today to US$1 trillion by 2010. While this is an ambitious target, and would require 70% of all electronics manufacturing to be outsourced, it does provide a metric to measure the industry's potential. The growing adoption of outsourcing is a result of the corporate world's sharp focus on 'sticking to their knitting.' This term refers to the realization that companies perform best when they stay focused on their core competencies and outsource other functions to those who have expertise in those functions. In electronics manufacturing, Celestica is ripe with expertise.

Outsourcers offer OEMs (original equipment manufacturers) many tangible benefits. EMS companies such as Celestica, provide many additional services such as prototyping, supply chain management and product design. These value-added services, when combined with the core manufacturing capabilities of the EMS companies, allow leading OEMs such as Cisco and IBM to shorten time to market for new products, quickly expand their geographical reach and improve yields. Also, in many cases OEMs will sell their manufacturing facilities to the outsourcers as part of the outsourcing arrangement. This affords the OEM the opportunity to monetize part of its balance sheet and free capital for deployment elsewhere in its business.

Many industries have already widely adopted the outsourcing model. These areas include PCs, communication equipment and servers. In these spaces, penetration rates are high and the growth rates will be somewhat limited to total production growth. Further growth will come through outsourcing from industries and geographies where companies have been slower adopters of the model. In many cases this is due to the fact that the manufacturing processes have been far too complex and labour intensive to outsource. Optical components is an industry that has utilized minimal outsourcing as the manufacturing of these components is done primarily by highly trained technicians with tweezers and microscopes. As this market matures and the manufacturing becomes more automated, outsourcing will become more prevalent. During 2000, Celestica announced a sub-assembly outsourcing contract with JDS Uniphase that should be the first of many such deals. Other areas of high growth for EMS should be wireless devices and handsets, storage networking and Internet infrastructure. Celestica has exposure to all three of these areas through deals with Motorola in handsets, EMC and MCDATA in storage, and Sycamore and Juniper in infrastructure.

What sets Celestica apart from an impressive EMS field is the proven quality of its management and clientele, which has led to stellar returns for the company and its shareholders. Revenue has grown from US$2.0 billion in 1997 to US$9.8 billion in 2000. This represents an average annual growth rate of 70%. Though the growth cannot be maintained at these lofty levels, the company believes that it can reach its target of US$20 billion in revenue by 2003. It is important to note that the company is dedicated to achieving this growth while also improving operating margins and, in turn, improving its profitability. The company has shown progress in this area by reaching a 3.8% operating margin in the third quarter, its highest result to date. Ultimately management believes Celestica can bring this metric above 5%.

In summary, it is our belief that Celestica is currently in a 'sweet-spot' of technology where the growth characteristics are strong and the valuation reasonable. The diversity and strength of the clientele, and the end markets they serve, give us confidence that they will be somewhat insulated from further market volatility and can continue to create shareholder value.

Underlying Fund Statement of Investment Portfolio

AIC Diversified Canada Fund

as at December 31, 2000

No. of Shares or Par Value	Security Name	Average Cost*	Market Value	Percentage of Net Assets
	CANADA			
1,202,800	Alliance Atlantis Communications Inc. - Class B	$ 31,060,735	$ 26,461,600	0.7%
2,474,386	AMVESCAP Inc - Exchangeable Shares	65,625,104	74,231,580	2.0
13,332,400	Bombardier Inc. - Class B	101,501,687	308,645,060	8.5
790,500	CHUM Limited - Class B	42,946,324	41,975,550	1.2
3,723,800	C.I. Fund Management Inc.	34,909,193	61,256,510	1.7
2,001,562	CIT Exchangeco Inc.	65,765,619	60,025,851	1.6
4,300,000	Celestica Inc.	127,524,016	348,300,000	9.5
583,700	Clarica Life Insurance Company	12,545,161	24,486,215	0.7
4,074,400	DuPont Canada Inc. - Class A	158,957,259	207,386,960	5.7
455,700	Fairfax Financial Holdings Limited	182,403,014	104,127,450	2.9
4,914,190	Franco-Nevada Mining Corporation Limited	127,539,867	84,032,649	2.3
240,000	George Weston Limited	11,965,448	20,184,000	0.6
2,391,400	Linamar Corporation	54,236,028	26,903,250	0.7
5,562,500	Loblaw Companies Limited	270,893,750	280,906,250	7.7
4,248,166	MDS Inc.	58,397,230	94,309,285	2.6
495,000	Power Corporation of Canada	14,010,500	18,315,000	0.5
5,893,000	Power Financial Corporation	148,698,701	205,371,050	5.6
4,090,600	Royal Bank of Canada	164,773,995	208,007,010	5.7
587,400	Sceptre Investment Counsel Limited - Class A	13,444,725	9,457,140	0.3
4,224,100	The Thomson Corporation	168,419,123	242,463,340	6.7
7,483,200	The Toronto-Dominion Bank	231,007,100	325,145,040	8.9
1,411,400	Unican Security Systems Ltd. - Class B	44,448,470	47,634,750	1.3
	Other securities	10,637,820	395,840	-
		2,141,710,869	2,820,021,380	77.4
	OTHER			
1,057,030	American International Group, Inc.	55,568,018	156,220,602	4.3
500,000	America Online, Inc.	35,786,535	26,090,868	0.7
1,759	Berkshire Hathaway Inc. - Class A	155,646,104	187,267,956	5.1
709,430	The Coca-Cola Company	64,823,968	64,823,643	1.8
282,800	Gateway Inc.	19,299,501	7,628,688	0.2
2,350,000	Intimate Brands, Inc.	68,745,210	52,856,500	1.5
1,090,000	Univision Communications Inc.	72,019,860	66,909,394	1.8
1,711,804	Viacom Inc. - Class B	75,764,230	119,998,256	3.3
532,619	Wm. Wrigley Jr. Company	62,446,089	76,520,555	2.1
		610,099,515	758,316,462	20.8
	Total investments	$ 2,751,810,384	3,578,337,842	98.2
	Short-term investments		69,264,580	1.9
	Other assets less liabilities		(4,118,967)	(0.1)
	Net assets		$ 3,643,483,455	100.0 %

*Certain securitites average cost has been increased by the cumulative effect of crystallization.

Underlying Fund Statement of Net Assets

AIC Diversified Canada Fund

as at December 31

	2000	1999
ASSETS		
Cash	$ 102,031	$ 1,484,567
Investment portfolio at market value	3,578,337,842	3,014,896,837
Short-term investments	69,264,580	214,819,149
Interest and dividends receivable	4,778,026	4,068,549
Subscriptions receivable	4,109,171	5,890,475
	3,656,591,650	3,241,159,577
LIABILITIES		
Payable for securities purchased	$ 11,367,210	$ -
Redemptions payable	1,740,985	3,130,353
	13,108,195	3,130,353
Net assets representing unitholders' equity	$ 3,643,483,455	$ 3,238,029,224
Unitholders' Equity		
Mutual Fund Units	$ 3,642,358,285	$ 3,238,029,224
Class F Units	1,125,170	-
	$ 3,643,483,455	$ 3,238,029,224
Number of units outstanding		
Mutual Fund Units	98,220,622	103,403,260
Class F Units	228,649	-
Net asset value per unit		
Mutual Fund Units	$ 37.08	$ 31.31
Class F Units	$ 4.92	$ -
Investment portfolio at cost	$ 2,751,810,384	$ 2,562,385,761

Approved on behalf of the Trustee, AIC Limited

W. Whitehead — DIRECTOR   Michael A. Lee-Chin — DIRECTOR

Underlying Fund Statement of Operations

AIC Diversified Canada Fund

For the periods ended December 31

	2000	1999
INVESTMENT INCOME		
Dividends	$ 36,639,555	$ 28,620,111
Interest	4,387,276	16,984,865
Foreign exchange gain (loss)	(62,164)	(1,081,948)
Foreign withholding taxes	(455,383)	(470,576)
	40,509,284	44,052,452
EXPENSES		
Management fee	$ 70,134,057	$ 63,145,890
Legal fees	28,251	32,533
Audit fees	33,000	25,231
Interest expense and bank charges	8,484	-
Unitholder services and custodian fees	10,155,767	8,269,346
	80,359,559	71,473,000
Net investment income (loss) for the period	$ (39,850,275)	$ (27,420,548)
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on sale of investments	$ 211,764,799	$ (68,784,688)
Change in unrealized appreciation (depreciation) in value of investments	374,016,382	76,979,561
Net realized and unrealized gain (loss) on investments	585,781,181	8,194,873
Increase (decrease) in net assets from operations	$ 545,930,906	$ (19,225,675)
Net investment income (loss) per unit (based on average number of units outstanding during the period)		
Mutual Fund Units	$ (0.41)	$ (0.27)
Class F Units	$ -	$ -
Realized and unrealized gain (loss) on investments per unit		
Mutual Fund Units	$ 6.18	$ (0.04)
Class F Units	$ (0.08)	$ -

Underlying Fund Statement of Changes in Net Assets

AIC Diversified Canada Fund

For the periods ended December 31

	2000	1999
CHANGES IN NET ASSETS		
Increase (decrease) in net assets from operations	$ 545,930,906	$ (19,225,675)
Capital Unit Transactions		
Proceeds from issue of units		
Mutual Fund Units	527,392,640	1,338,527,174
Class F Units	1,148,242	-
	528,540,882	1,338,527,174
Payments for units redeemed		
Mutual Fund Units	(669,011,727)	(619,354,248)
Class F Units	(5,830)	-
	(669,017,557)	(619,354,248)
Net increase (decrease) in net assets for the period	$ 405,454,231	$ 699,947,251
Net assets, beginning of period	3,238,029,224	2,538,081,973
Net assets, end of period	$ 3,643,483,455	$ 3,238,029,224
Realized gain (loss) on sale of investments		
Proceeds from sale of investments	$ 650,743,834	$ 219,393,354
Cost of investments, beginning of period	2,562,385,761	1,985,980,590
Cost of investments purchased during period	628,403,658	864,583,213
	3,190,789,419	2,850,563,803
Cost of investments, end of period	2,751,810,384	2,562,385,761
Cost of investments sold during period	438,979,035	288,178,042
Net realized gain (loss) on sale of investments	$ 211,764,799	$ (68,784,688)

AIC DIVERSIFIED CANADA SPLIT CORP.
2000 FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

BUY. HOLD.
AND PROSPER.

AIC
·GROUP OF FUNDS·

AUDITORS' REPORT

To the shareholders of:

AIC Diversified Canada Split Corp.

We have audited the accompanying statement of net assets of AIC Diversified Canada Split Corp. (the "Company") as at December 31, 2000 and 1999, and the statements of operations and retained earnings and changes in net assets for the year ended December 31, 2000 and for the period from June 30, 1999 (commencement of operations) to December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of operations and changes in net assets for the year ended December 31, 2000 and for the period from June 30, 1999 to December 31, 1999 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Alberta
January 22, 2001

AIC Diversified Canada Split Corp.

Statement of Net Assets

as at December 31

		2000		1999
ASSETS				
Cash	$	100	$	100
Portfolio investment at market value (note 3)		85,171,183		93,793,966
Dividends Receivable		225		-
		85,171,508		93,794,066
LIABILITIES				
Preferred Shares (note 4)		34,469,750		43,829,250
		34,469,750		43,829,250
	$	50,701,758	$	49,964,816
SHAREHOLDERS' EQUITY				
Common Shares (100 shares issued and fully paid)	$	100	$	100
Capital Shares (note 4)		34,469,750		43,829,250
Retained Earnings		16,231,908		6,135,466
	$	50,701,758	$	49,964,816
Number of units outstanding* (note 4)		1,378,790		1,753,170
Net Asset Value per Unit*	$	61.77	$	53.50
Redemption Value per Preferred Share		25.00		25.00
Net Asset Value per Capital Share	$	36.77	$	28.50

*A unit consists of one Capital Share and one Preferred Share.

Approved on behalf of the Board of Directors

Michael A. Lee-Chin
DIRECTOR

W. Westbrook
DIRECTOR

Statement of Operations and Retained Earnings

		For the year ended December 31, 2000		For the period from June 30 to December 31, 1999
Realized gains on dispositions of investment	$	4,184,487	$	142,981
Change in unrealized appreciation in value of investment		11,518,752		7,429,225
Increase in net assets from operations	$	15,703,239	$	7,572,206
Retained Earnings, beginning of period	$	6,135,466	$	-
Distributions paid on Preferred Shares (note 5)		(2,356,637)		(1,358,115)
Cost of shares repurchased in excess of stated value		(3,250,160)		(78,625)
Retained Earnings, end of period	$	16,231,908	$	6,135,466

Statement of Changes in Net Assets

		For the year ended December 31, 2000		For the period from June 30 to December 31, 1999
Increase in net assets from operations	$	15,703,239	$	7,572,206
CAPITAL TRANSACTIONS				
Proceeds from the issuance of Common Shares	$	-	$	100
Proceeds from the issuance of Capital Shares		-		46,146,750
Proceeds from the issuance of Preferred Shares		-		46,146,750
Proceeds from the issuance of shares		-		92,293,600
Retraction of shares during the period		(21,969,160)		(4,713,624)
		(21,969,160)		87,579,976
Classification of Preferred Shares as a financial liability		9,359,500		(43,829,251)
	$	(12,609,660)	$	43,750,725
DISTRIBUTIONS TO SHAREHOLDERS				
Distributions paid on Preferred Shares (note 5)	$	(2,356,637)	$	(1,358,115)
	$	(2,356,637)	$	(1,358,115)
Changes in net assets during the period	$	736,942	$	49,964,816
Net assets, beginning of period		49,964,816		-
Net assets, end of period	$	50,701,758	$	49,964,816

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

1. Corporate Activities

AIC Diversified Canada Split Corp. (the "Company"), incorporated under the laws of Alberta, is a closed-end mutual fund whose principal undertaking is to invest in units of the AIC Diversified Canada Fund (the "Fund Units"). Pursuant to a prospectus (the "Prospectus") dated June 22, 1999, the Company issued 1,845,870 capital shares (the "Capital Shares") and an equal number of preferred shares (the "Preferred Shares") for cash consideration of $92,293,500. The net proceeds of the share issue were used to fund the purchase of units of AIC Diversified Canada Fund at an aggregate cost of $92,293,500. The Company commenced trading on June 30, 1999.

The intention of the Company is to generate a fixed return of 6% annually for holders of the Preferred Shares and to provide the holders of the Capital Shares with leveraged participation in capital appreciation of the Fund Units.

The Capital and Preferred shares are qualified investments for trusts governed by registered plans.

2. Significant Accounting Policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the amount of income, expenses, assets and liabilities during the reporting period. The following is a summary of significant accounting policies followed by the Company.

Financial Instruments

The Company's financial instruments consist of cash, portfolio investments and preferred shares. Unless otherwise stated, these instruments are carried at cost, which approximates fair value. It is management's belief that the Company is not exposed to significant interest rate, currency or credit risks arising from these instruments.

Valuation of Investment

The investment is carried at market value. The market value of the Company's investment in Fund Units is determined by multiplying the number of units held on the valuation date by the net asset value per share (NAVPS) of the Fund Units on that date.

Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Realized and unrealized gains and losses from investment transactions are calculated on an average cost basis. Income distributions from the Fund Units are recorded when declared.

Valuation of Share Units

The value per unit is determined by dividing the total value of the Company's net assets by the number of share units ("Share Units") outstanding on that day. The portion of the Share Unit value that is attributable to the Capital Share is calculated at least weekly and is published in a major newspaper.

3. Portfolio Investment

The following summarizes the investment held by the Company:

Year	No. of Units	Description	Average Cost	Market Value	Unrealized Appreciation
2000	2,296,957	AIC Diversified Canada Fund	$66,223,206	$85,171,183	$18,947,977
1999	2,995,655	AIC Diversified Canada Fund	$86,364,741	$93,793,966	$7,429,225

4. Share Capital

Authorized, Issued and Outstanding

The Company's authorized share capital consists of an unlimited number of Capital Shares, an unlimited number of Preferred Shares and an unlimited number of Common Shares.

A summary of the Company's capital and preferred shares is as follows:

Units	Number	Capital Shares	Preferred Shares
Outstanding on December 31, 1999	1,753,170	$ 43,829,250	$ 43,829,250
Retractions during the period	(374,380)	$ (9,359,500)	$ (9,359,500)
Outstanding on December 31, 2000	1,378,790	$ 34,469,750	$ 34,469,750

A Share Unit is made up of one Capital Share and one Preferred Share. The Company ensures that an equal number of Capital Shares and Preferred Shares are outstanding at all times. The corporation will not issue any additional Capital Shares or Preferred Shares except as otherwise described in the Prospectus. The excess of the retraction proceeds over the stated value of the capital shares has been charged to Retained Earnings.

The Preferred Shares rank prior to the Capital Shares and Common Shares with respect to the payment of any par value distributions and in liquidation or wind up of the Company. AIC Limited ("AIC") owns 100% of the issued and outstanding Common Shares. Holders of the Common Shares are not entitled to receive any dividends at any time when there are any Capital or Preferred Shares outstanding. The Company accounts for the preferred shares as a financial liability, in accordance with the recommendations contained in section 3860 of the Handbook of the Canadian Institute of Chartered Accountants.

Subject to the limitations and procedures outlined in the Prospectus there is a monthly retraction privilege for each of the Capital Shares and the Preferred Shares.

5. Distributions

As at December 31, 2000, distributions were paid in the total amount of $2,356,637 (1999 - $1,358,115), which is equivalent to $1.50 per share (1999 - $0.75 per share).

6. Income Taxes

The Company is a mutual fund corporation for federal income tax purposes and, accordingly, is subject to tax at normal corporate rates on interest income. No interest income was earned during the period ended December 31, 2000 and 1999.

The Company is subject to tax on taxable dividends from taxable Canadian corporations distributed to it by AIC Diversified Canada Fund. This tax is refundable to the Company when it pays out taxable dividends. The Company did not receive any distributions of taxable dividends during the period.

The Company is subject to a tax on capital gains. However, this tax is refundable if sufficient capital gains are distributed to shareholders as a capital gains dividend or through the redemption of shares. Redemptions during the period were sufficient such that the Company was not subject to tax nor required to pay a capital gains dividend.

7. Related Party Information

AIC Limited ("AIC") is the owner of all of the issued and outstanding Common Shares of the Company. The Common Shares have been lodged in escrow with the custodian pursuant to the Escrow Agreement.

AIC Limited owns 351,848 Capital Shares of the Company.

8. Expenses

The expenses of the offerings during 1999 amounted to approximately $637,500 and were paid by AIC. All ordinary expenses, including taxes, incurred in connection with the operation and administration of the Company are paid by AIC Limited.

Statement of Corporate Governance Practices

The by-laws of The Toronto Stock Exchange (TSE) require each listed Canadian incorporated company to publish a "Statement of Corporate Governance Practices" with reference to enumerated guidelines and recommend the adoption of procedures to enhance the effectiveness of boards of directors. Due to the nature of AIC Diversified Canada Split Corp.'s business, its directors have determined that these recommendations are not applicable to, or do not require any modification of, AIC Diversified Canada Split Corp.'s existing policies. The board of directors of AIC Diversified Canada Split Corp. have established an audit committee, a majority of whom are unrelated directors as that term is defined in the TSE by-laws, that is responsible for reviewing the company's financial statements and its internal controls, reviewing the work of the independent auditors and reporting to the board of directors of AIC Diversified Canada Split Corp. on such matters.

PRINCIPAL OFFICE

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DIRECTORS AND OFFICERS OF THE CORPORATION

Michael A. Lee-Chin
Director, Chairman and
Chief Executive Officer

W. Neil Murdoch *
Director and Chief Financial Officer

Stephen J. Griggs
Director and Secretary

Glenn E. Buckley *
Director

Asheet Ruparell *
Director

*Audit Committee Member

REGISTRAR AND TRANSFER AGENT

Trust Company of Bank of Montreal
Calgary, Alberta

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

LEGAL COUNSEL

Borden & Elliot
Toronto, Ontario

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

Capital Shares - **ADC**
Preferred Shares - **ADC.PR.A**

AIC's STRATEGY FOR SUCCESS:

BUY.

A simple summary of our approach to mutual funds at AIC is this: choose the right heroes and keep the faith. We buy into excellent companies - the best of the best - in strong growth industries and hold these investments for the long run. The goal is a better rate of return for our clients.

HOLD.

Stand for nothing and you are likely to fall for everything. The truth is, bears, bulls and other unpredictable market influences eventually disappoint short-term investors who focus on share prices rather than a company's true worth. At AIC, we stick with the quality businesses in which we invest.

AND PROSPER.

Prosperity to us means meeting the three objectives of investing. It means preserving your principal over the long term. It means growing your money at a good rate. And it means protecting your investment from the ravages of taxes. It's really quite simple. And the results over the long term are something to behold. Of course, what you do with your prosperity in the end is up to you.

AIC®

· GROUP OF FUNDS ·

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